

Approved For Release 2003/10/22 : CIA-RDP83B00100R000100020012-1

WASHINGTON, D.C. 20506

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March 15, 1979

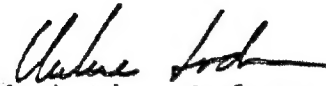
MEMORANDUM FOR:

NSC REVIEW
COMPLETED,
6/26/03

The Vice President
The Secretary of State
The Secretary of the Treasury
The Secretary of Defense
The Secretary of Agriculture
The Secretary of Commerce
The Secretary of Labor
The Special Representative for Trade
Negotiations
The Chairman, Joint Chiefs of Staff
The Director of Central Intelligence.
The Director, Office of Science and
Technology Policy

SUBJECT: Summary of Conclusions of PRC Meeting
on U.S.-China Economic Relations,
March 13, 3:00-3:50 p.m. (C)

Attached is the Summary of Conclusions for the PRC Meeting
on U.S.-China Economic Relations, March 13, which is
forwarded for your information. (C)


Christine Dodson
Staff Secretary

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PRC MEETING

U.S.-CHINA ECONOMIC RELATIONS

March 13, 1979
3:00 - 3:50 p.m.
Roosevelt Room

Participants

State

Richard Cooper (Under Secretary for Economic Affairs)
Roger Sullivan (Dep Asst Sec for EA & Pacific Affairs)
Jules Katz

OSD

Dr. Ellen Frost (ISA)

JCS

Lt General William Smith

DCI

Dr. Robert Bowie (Dep Dir of CIA)
Amb John Holdridge (Nat'l Intell Ofcr for China)

Treasury

Secretary Blumenthal
Anthony Solomon (Asst Sec)
Scott Hallford

Agriculture

Secretary Bergland
Tom Saylor

Commerce

Secretary Kreps
S. Stanley Marcus
Homer Moyer

Labor

Under Secretary Robert Brown
Brian Turner

OSTP

Ben Huberman (Asst Dir for Nat'l Security, Internat'l & Space
Affairs)

Trade Negotiations

Ambassador Robert Strauss
John Renner

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NSC

Tim Deal (Stf Mbr)

Mike Oksenberg (Stf Mbr)

White House

David Aaron (Dep Asst to the Pres for Nat'l Security Affairs)

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SUMMARY OF CONCLUSIONS

Secretary Blumenthal chaired the meeting, which dealt with his trip to China and with the road ahead in our economic relations with China. No substantive decisions were reached at this meeting, but a number of issues were discussed, with calls made for decision memorandum:

-- Schedule for Development of Economic Relations with the PRC: Blumenthal will prepare such a paper for the President within a week to ten days, outlining how he believes we should proceed in the months ahead in addressing a series of issues in proper sequence. (C)

-- MFN for the PRC: Blumenthal and Vance will make recommendations on the method through which we should plan to extend MFN to the PRC. The alternatives are to seek special legislation or for the President to exercise his waiver authority under Jackson-Vanik. Blumenthal and Vance have been consulting on the Hill on this issue. Any recommendation on China would take into account extension of MFN for the Soviet Union and would address the sensitive issue of timing. (C)

-- ExIm Bank Financing for China: ExIm Bank with Treasury should begin to consider concretely whether it wishes to extend financing to the PRC, when it would wish to do so, and for what sum it would seek authorization. Settlement of ExIm Bank claims against the PRC would be necessary for this, and at an appropriate time, this issue must be discussed with the Chinese in concrete fashion. Blumenthal has already tagged the issue. (C)

-- Negotiation of a Trade Agreement: Jules Katz will proceed toward negotiating a trade agreement. Some progress was made on the Blumenthal trip, and after a round of consultations within our own government, additional negotiations will occur through the Embassy. Progress is likely to be slow, and an agreement is unlikely on the Kreps visit. (C)

-- Business Facilitation: It should be possible, however, to reach agreement on aspects of a trade agreement which could be initialed on the Kreps visit, particularly his business facilitation. This issue will receive priority attention in the weeks ahead. (C)

-- Kreps Visit: Preliminary planning for the Kreps visit can now get underway, including the composition of her delegation and its agenda. The science and technology realm of her agenda should be cleared with Press, and the economic with Blumenthal/Solomon. A PRC meeting will be convened on the eve of her departure, with recommendations going to the President for his approval. These recommendations could serve as basis for the President's instructions. (C)

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Bob Strauss reported on his textile negotiations with the Chinese, which are not proceeding satisfactorily. The next round of negotiations has been tentatively set for March 24 in Peking, and we have stressed to the Chinese that if an agreement is not reached soon, the U.S. may have to act unilaterally. (C)